

STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

Illinois Commerce Commission	:	
On Its Own Motion	:	
-vs-	:	
Mt. Carmel Public Utility Company	:	
	:	07-0565
Reconciliation of revenues	:	
collected under fuel adjustment	:	
charges with actual costs	:	
prudently incurred.	:	

ORDER

By the Commission:

On November 28, 2007, the Illinois Commerce Commission ("Commission") entered an Order Commencing Fuel Adjustment Clause ("FAC") Reconciliation Proceedings, which directed Mt. Carmel Public Utility Company ("Mt. Carmel"), to present evidence at a public hearing in this docket showing the reconciliation of revenues collected under its FAC tariff with the actual cost of fuel supplies prudently incurred and recoverable under said FAC tariff for the year ending December 31, 2007 ("Reconciliation Period"). Notice of the filing of Mt. Carmel's testimony and schedules with the Commission was posted in its business offices and was published in newspapers having general circulation in its service territory, in the manner prescribed by 83 Ill. Adm. Code 255, in compliance with the Commission's Order.

Pursuant to proper legal notice, a prehearing conference was held in this matter before a duly authorized Administrative Law Judge of the Commission at its offices in Springfield, Illinois on April 24, 2008. Thereafter, an evidentiary hearing was held on September 11, 2008. Appearances were entered by counsel for Mt. Carmel and by members of the Commission's Energy and Financial Analysis Divisions ("Staff"). Both Mt. Carmel and Staff presented evidence, and at the conclusion of the latter hearing, the record was marked "Heard and Taken." A draft Order was filed by Mt. Carmel.

Applicable Authority

Section 9-220 of the Public Utilities Act ("Act"), 220 ILCS 5/1-101 et seq., provides in part that "notwithstanding the provisions of Section 9-201, the Commission may authorize an increase or decrease in rates and charges based upon changes in the cost of fuel used in the generation or production of electric power, [or] changes in the cost of purchase power . . . through the application of fuel adjustment clauses" Rules implementing Section 9-220 are contained in 83 Ill. Adm. Code 425, "Uniform Electric Fuel Adjustment." Under Section 425.20, "the fuel charge passed through the

FAC is the total amount of allowable fuel and fuel related charges as identified herein." The formula for determining the fuel adjustment charge per kilowatt-hour is set forth in Section 425.30. Rules regarding economic dispatch, billing periods, allowable fuel and fuel-related charges, allowable energy charges associated with purchased power, base fuel costs, non-jurisdictional sales, and desulfurization costs are contained in Section 425.40.

Information Presented by Mt. Carmel

Philip Barnhard, IV, President of Mt. Carmel, is responsible for supervising the calculation and filing with the Commission of Mt. Carmel's monthly and annual reconciliation required by Mt. Carmel's FAC tariff. He testified that Mt. Carmel purchased all of its electric power requirements in calendar year 2007 from AmerenEnergy Marketing and Duke Energy Indiana. Mr. Barnhard sponsored Exhibits E-1 and E-2 attached to his direct testimony, which identify and reconcile all components of Mt. Carmel's 2007 fuel costs and recoveries. Exhibit E-1 is a copy of Mt. Carmel's FAC rate sheets. Exhibit E-2 shows the reconciliation of revenues and costs, including Mt. Carmel's requested ordered reconciliation factor. Mt. Barnhard also expresses the opinion that Mt. Carmel's fuel supply purchases were prudent during 2007.

Staff's Recommendations

Mike Ostrander of the Accounting Department of the Financial Analysis Division testified that he reviewed Mt. Carmel's filing and the underlying documents that support the FAC reconciliation calculations. Mr. Ostrander recommends that two adjustments be made to Line 4, 2007 FAC Recoverable Costs, to correct errors in Mt. Carmel's FAC reconciliation. His first adjustment reflects a cost decrease of \$1,785 for a credit invoice not included in recoverable costs. His second adjustment increases costs by \$6,797 to correct errors in Mt. Carmel's reconciliation schedule, for a net adjustment of \$5,012. The overall impact of his adjustments results in a Factor Ro refund of \$1,785. Mr. Ostrander recommends that the Commission direct Mt. Carmel to refund this amount in its fuel adjustment charge in its first monthly FAC filing following the date of the Order in this docket. Mt. Carmel accepts Mr. Ostrander's adjustments and recommendation.

Greg Rockrohr, a member of the Engineering Department of the Energy Division also testified that he reviewed Mt. Carmel's filing and responses to data requests concerning the prudence of its fuel supply purchases during the Reconciliation Period. Mr. Rockrohr further stated that he found no reason to dispute Mt. Carmel's assertion that all fuel and power supply purchases were prudently incurred during the reconciliation period.

Commission's Conclusions, Findings, and Ordering Paragraphs

The evidence shows that during the calendar year 2007 Reconciliation Period, Mt. Carmel acted prudently in its procurement of fuel supply. The evidence presented by the parties further shows that the cost of purchased fuel has been reconciled satisfactorily with the revenues received for such fuel during calendar year 2007.

The Commission notes that a review of the 2006 FAC reconciliation for fuel in Docket No. 06-0740 shows a balance to be collected during the 2007 period in the amount of \$128,587 as reflected in the attached Appendix, lines 1-3. The activity for the 2007 reconciliation period shows an over recovery in the amount of \$405,508, as reflected in the attached Appendix, lines 4-7. Thus, adding the balance collected during the 2007 period and the over recovery during 2007, the FAC reconciliation balance on December 31, 2007 to be refunded is (\$276,921) and Factor Ra balance is (\$275,136), resulting in a Factor O in the amount of (\$1,785), as reflected in the attached Appendix, lines 8-10.

The Commission, having considered the record herein, is of the opinion and finds that:

- (1) Mt. Carmel is a corporation engaged in the distribution of electricity to the public in Illinois and as such, is a public utility within the meaning of the Act;
- (2) the Commission has jurisdiction over Mt. Carmel and the subject matter in this proceeding;
- (3) the statements of fact set forth in the prefatory portion of this Order are supported by the record and hereby adopted as findings of fact;
- (4) the evidence shows that during the Reconciliation Period, Mt. Carmel acted reasonably and prudently in its purchase of fuel;
- (5) the reconciliation of Mt. Carmel's revenues collected under its FAC tariff with the actual cost of fuel supplies during the Reconciliation Period, as described in the Appendix attached hereto, shall be approved.

IT IS THEREFORE ORDERED by the Illinois Commerce Commission that the reconciliation submitted by Mt. Carmel Public Utility Company of the revenues collected under its FAC tariff with costs prudently incurred for the purchase of fuel for calendar year 2007, set forth in the Appendix hereto, is hereby approved.

IT IS FURTHER ORDERED that Mt. Carmel Public Utility Company refund the over-recovered amount of \$1,785 in its first monthly FAC filing following the date of this Order.

IT IS FURTHER ORDERED that subject to the provisions of Section 10-113 of the Public Utilities Act and 83 Ill. Adm. Code 200.880, this Order is final; it is not subject to the Administrative Review Law.

By Order of the Commission this 3rd day of December 2008.

(SIGNED) CHARLES E. BOX

Chairman